



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

June 6, 2000

CERTIFIED RETURN RECEIPT

Z 230 748 204

Gary Applegate
Indian Queen Marble, LLC
1275 North Main
P.O. Box 668
Tooele, Utah 84074

Re: Status of Reclamation Surety, Indian Queen Marble, LLC, Indian Queen Marble Mine,
M/001/019, Beaver County, Utah

Dear Mr. Applegate:

It has just recently been brought to our attention by our appointed Assistant Attorney General that the financial status of Frontier Insurance Company (Frontier) has become questionable. Frontier's 1999 *A.M. Best Rating* was listed as an A+ (excellent) Secure Rating, but as of June 1, 2000, its rating had dropped to a C++ (marginal) Vulnerable Rating. As of June 1, 2000, the Department of the Treasury's Listing of Approved Sureties (Department Circular 570) published a notice that it was removing Frontier Insurance Company from its acceptable list. This is a benchmark that we use when considering acceptance of a proposed surety company. Our legal counsel has advised that we should no longer accept Frontier as a secure surety at this time.

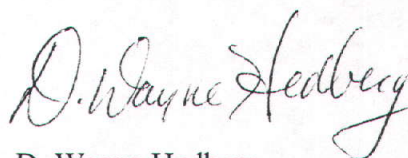
At the present time, the Division holds a \$29,000 reclamation surety (#64916-SD) issued by Frontier for reclamation of your Indian Queen Marble Mine. Given Frontier's questionable financial stability we can no longer accept this company as a sound surety provider. We hereby request that you select an alternate surety company, or post a different form of reclamation surety with this office within the next 30-45 days. As you are aware, the Utah Mining Law does not allow a large mine to operate without a secure form of reclamation surety in place at all times. If you choose to use a different form of surety, please contact us at your earliest convenience so we can provide the appropriate forms to you.

0001

Page 2
Gary Applegate
M/001/019
June 6, 2000

This is an unfortunate situation that neither of us could have predicted. We thank you for your continued cooperation and understanding in this regard. If you have any questions regarding the requirements of this letter, please contact me at (801) 538-5286 or Tom Munson at 538-5321.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is written in a cursive style with a large, stylized "D" and "H".

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure: MR-5 surety form
M01-19-frontier